

**STATE OF ILLINOIS
ILLINOIS RACING BOARD**

**IN THE MATTER OF THE ISSUANCE OF ORGANIZATION LICENSES
AND THE ALLOTMENT OF THOROUGHBRED AND HARNESS RACING
DATES FOR CALENDAR YEAR 2014**

ORDER

This matter came to be heard on the applications of Arlington International Racecourse, LLC, Hawthorne Race Course, Inc., and Fairmount Park, Inc. for organization licenses and 2014 thoroughbred racing dates; and the applications of Balmoral Racing Club, Inc. and Maywood Park Trotting Association, Inc. for organization licenses and 2014 harness racing dates.

The evidentiary hearing in this matter was conducted before Administrative Law Judge John White on September 11, 2013, pursuant to the contested case provisions of the Illinois Administrative Procedure Act (5 ILCS 100/10-25, et seq.), adopted by Section 20(e-10) of the Illinois Horse Racing Act of 1975 and implemented by Part 205 of the Illinois Racing Board ("IRB") Rules (11 Ill. Admin. Code 205, et seq., effective November 28, 2005). All applicants were represented by counsel. The ALJ presided over testimony from witnesses for each of the applicants and admitted exhibits into the record. In addition, the Board received testimony from representatives of the Illinois Harness Horsemen's Association ("IHHA"), the Illinois Thoroughbred Horsemen's Association ("ITHA"), and the Illinois Division of the Horsemen's Benevolent and Protective Association ("HBPA") per IRB Rule 205.60. The record closed at the conclusion of the hearing on September 11, 2013 with the applicants' closing briefs filed on September 17, 2013. At its meeting on September 24, 2013, the Board deliberated and voted on the applications for organization licenses and race dates for 2014.

It is the public policy of this State to support and enhance Illinois' horse racing industry, ensure that Illinois' horse racing industry remains competitive with neighboring states, stimulate

growth within Illinois' horse racing industry, promote tourism, encourage the breeding of thoroughbred and standardbred horses in Illinois, and ensure that public confidence and trust in the credibility and integrity of racing operations and the regulatory process is maintained. 230 ILCS 5/1.2.

In granting organization licenses and allocating dates for horse race meetings, Section 20(e-5) of the Illinois Horse Racing Act of 1975 (the "Act"), 230 ILCS 5/20(e-5), vests the Illinois Racing Board (the "Board") with the discretion to determine an overall racing schedule which is conducive to the best interest of the public and the sport of horse racing. In making this determination, the Board must consider the following factors enumerated in Section 20(e-5):

- The character, reputation, experience and financial integrity of the applicant and of any other person that controls such applicant, directly or indirectly;
- The facilities or proposed facilities for the conduct of horse racing;
- The total revenue to be derived by the State and horsemen from the conduct of race meetings; (without regard to Section 32.1)
- The good faith affirmative action plan of each applicant to recruit, train and upgrade minorities in all employment classifications;
- The applicant's financial ability to purchase and maintain adequate liability and casualty insurance;
- The applicant's proposed promotional and marketing budget and prior year's promotional and marketing activities and expenditures for those activities;
- Any agreement among applicants for the issuance of racing dates; and
- The extent to which applicants meet or exceed other standards adopted by the Board.

The Board has reviewed the complete record of the hearing, including the applications, transcripts of the proceedings, all exhibits admitted into evidence, the arguments of the parties including closing briefs, and supplemental information submitted by the applicants. The Board

has officially noticed other materials in its possession including the Board's annual reports, past Dates Orders, the 2014 staff report, and Board statistics on racing through August 31, 2013.

With respect to each application, the Board has considered all of the statutory criteria listed in Section 20(e-5) of the Act. Being fully advised in the premises, the Board makes the following findings of fact and conclusions of law:

1. Each applicant has an extensive history of conducting race meets in Illinois over a period of many years, and each has demonstrated and possesses the character, reputation, experience and financial integrity required for an organization license, as further discussed in paragraph 9 below. (9/24/13 Tr. 30-31).

2. The following applicants own or have a lease or contract for the possession of the following racetracks:

| <u>ASSOCIATION</u> | <u>TRACK</u> |
|---|-----------------------|
| Arlington International Racecourse, LLC | Arlington Park |
| Balmoral Racing Club, Inc. | Balmoral Park |
| Hawthorne Race Course, Inc. | Hawthorne Race Course |
| Fairmount Park, Inc. | Fairmount Park |
| Maywood Park Trotting Association, Inc. | Maywood Park |

3. None of the applicants is in default in the payment of any obligation or debt due the State.

4. The mileage between racetracks located in upstate Illinois is as follows:

| | |
|--|------------|
| Arlington Park and Balmoral Park | 63.6 miles |
| Arlington Park and Hawthorne Race Course | 30.4 miles |
| Arlington Park and Maywood Park | 20.5 miles |
| Balmoral Park and Hawthorne Race Course | 37.5 miles |

Balmoral Park and Maywood Park 50.7 miles

Hawthorne Race Course and Maywood Park 10.5 miles

Fairmount Park is located more than 225 miles from the racetrack at which all other applicants seek to conduct race meetings.

5. Each applicant has demonstrated the financial ability to purchase the necessary casualty and liability insurance. (Exhibit 18 to 2014 Applications);(Staff Report, Ex. J);(9/24/13 Tr. 42).

6. Each applicant has submitted a summary of its workforce and its affirmative action plan to recruit, train and promote female and minority employees. (Exhibit 27 to 2014 Applications); (Staff Summary, Ex. H);(9/24/13 Tr. 40-41).

7. The racing dates awarded by the Board for 2013 were as follows:

THOROUGHBRED

| | <u>Host Days</u> | <u>Live</u> | <u>Dark</u> |
|---|------------------|-------------|-------------|
| Arlington Park | 179 | 89 | 90 |
| January 1 through January 26 (no live racing) | | | |
| May 1 through September 30 | | | |
| Hawthorne Race Course | 186 | 101 | 85 |
| January 27 through February 14 (no live racing) | | | |
| February 15 through April 30 | | | |
| October 1 through December 31 | | | |
| Fairmount Park | n/a | 69 | |
| March 26 through September 20 | | | |

HARNESS

| | <u>Host Days</u> | <u>Live</u> | <u>Dark</u> |
|-------------------------------|------------------|-------------|-------------|
| Balmoral Park | 263 | 150 | 113 |
| January 2 through December 29 | | | |
| Maywood Park | 102 | 101 | 1 |
| January 3 through December 27 | | | |

8. The average daily handle (live and simulcast), state revenue generated, commingled handle (e.g., out-of-state handle on Illinois races) and on-track attendance at each 2013 race meet through August 31, 2013 are set forth below (Staff Report, Ex. C, IRB Statistics pp. 9-11):

| | <u>Average Daily Handle</u> | <u>Average Daily State Gov. Revenue***</u> | <u>Commingled Handle **</u> | <u>Attendance</u> |
|-----------------------------|-------------------------------------|--|---------------------------------|-------------------|
| THOROUGHBRED | | | | |
| Arlington Park | \$1,844,678 | \$26,623 | \$2,357,641 | 8,307 |
| Hawthorne Racecourse Fall * | \$1,241,799 | \$17,789 | \$1,790,609 | 1,165 |
| Hawthorne Racecourse Spring | \$1,550,248 | \$22,236 | \$1,484,313 | 1,328 |
| Fairmount Park | \$144,509 | \$1,297 | \$241,119 | 2,229 |
| HARNESS | | | | |
| Balmoral Park | \$505,945 | \$7,294 | \$710,818 | 989 |
| Maywood Park | \$590,898 | \$8,513 | \$558,000 | 618 |

* Hawthorne Racecourse Fall statistics reflect its 2012 race meet.

** The State of Illinois does not generate revenue on commingled handle.

***This reflects only the 1.5 percent pari-mutuel tax on live and simulcast wagering, and not local government revenue, sales or income or employment tax.

9. Consideration of **Financial Integrity**. The Board carefully considered the financial integrity of each applicant. In doing so, the Board took into consideration the economic climate in which the applicants, equine and agricultural participants, and the Board all must operate. The decline in handle and revenues from wagering over the past 13 years has caused concern over the financial health of each of the applicants. (Staff Report, Ex. D at p. 2). Absent legislatively enacted direct and indirect financial assistance, racing presents a financial challenge to each applicant. (9/24/13 Tr. 30). Calendar year 2013 has been a particularly difficult year financially because of the legislature's failure to renew Advance Deposit Wagering (ADW) prior to its sunset on January 1, 2013 (see Public Act 097-1060, 230 ILCS 5/26(g)). (Staff Report, Ex. D at p. 1). As a result, the applicants could not recoup approximately \$1.3 million and the State of Illinois lost \$750,000 in ADW revenue. *Id.* The loss of ADW was especially regrettable because approximately 30% of the funding for Board operations, including staffing live race days and laboratory drug testing and all other activities that insure the integrity of the sport,

comes from ADW receipts. While ADW was temporarily restored mid-year, the lost revenues were not. Further, as of the date of this order, there is no ADW authorized past January 31, 2014 (see Public Act 098-0018, 230 ILCS 5/26(g)). Based on these facts, the Board is faced with tough choices. Should ADW not be reenacted before January 31, 2014, a full calendar year cannot be raced because the loss of State revenue derived from ADW would not allow the Board to properly staff and regulate all race dates requested. Should the Board assign racing dates based on the assumption that ADW will be reenacted, all will be well if that assumption is correct. If not, the Board will not only be awarding dates for races it cannot afford to regulate and thus will not take place, but it will be awarding organizational licenses to applicants whose financial integrity is, by varying degrees, dependent upon hosting live racing. The Board has spent substantial amounts of time assessing these issues and attempting to craft a fair solution that will allow flexibility, integrity and opportunities for all applicants.

In assessing the financial integrity of the applicants, the Board has reviewed the applicants' audited financial statements for 2012 and their partial unaudited financials through June 30, 2013. (Exhibit 5 to the 2014 Applications). The Board also considered the General Financial Statement Review Checklist, which is a summary of the information contained in their financial statements and is prepared on behalf of the Board by the Administrative & Regulatory Shared Services Center located within the Illinois Department of Revenue. (Staff Report, Ex. E). This checklist includes a Z-score calculation for each applicant, of which the Board took official notice and was admitted into evidence, over Hawthorne's objection to its score. (9/11/13 Tr. 188-189);(see Stipulation). The Z-score calculation factors in components of debt, equity, assets and liabilities to arrive at a final score. (Staff Report, Ex. E, p. 2). For the current year (2012), Arlington, Balmoral and Fairmount had positive Z-scores above the 2.60 threshold. While

Maywood had a negative 1.112 Z-score, Maywood and Balmoral have common ownership and intercompany accounts and their combined Z-score of 3.33 is above the threshold. (9/11/13 Tr. 78, 80, 82-84, 89-91); (Balmoral & Maywood Ex. 4). With respect to Hawthorne's negative 2.359 Z-score for calendar year 2012, the Board notes that Hawthorne received a "clean opinion" and did not receive a "going concern" disclosure from its independent auditor. (Staff Report, Ex. E, p. 1). Subsequent to year-end on December 31, 2012, Hawthorne amended certain of its long-term debt facilities to increase borrowing capacities, extended maturities, and secured additional financing to improve working capital. (Staff Report, Ex. E, Review Note 6);(Hawthorne App., Ex. 5, Notes 5 & 17). The race dates awarded to Hawthorne in the four schedules are subject to the following condition:

a) Hawthorne Race Course is required to maintain the existing secured lines of credit and secured loans, and to produce written confirmation letters from those financial institutions verifying the loans have been maintained and extended, with sufficient available credit to satisfy all statutory obligations through the entirety of its 2014 race meet. (9/24/13 Tr. 20-21).

Further, all applicants received their remaining distributions from the Horse Racing Equity Trust Fund (HRETF) in June of 2013, followed by a total of \$23 million in "10th riverboat license" money distributed from the Horse Racing Equity Fund (HREF) in July of 2013. (Staff Report, Ex. C, IRB Statistics pp. 2-6, and Ex. E at Note 1 "10th Riverboat License").

Based on the applicants' financial statements, the financial statement analysis, the above condition placed on Hawthorne, and the distributions of HRETF and HREF moneys in 2013, the Board finds that each applicant has the requisite financial integrity to conduct the race meets

pursuant to the dates delineated in this order.

HARNESS

10. **Maywood Park** located in Melrose Park, Illinois, has conducted harness racing for more than half a century. Maywood is the host of the prestigious Windy City Pace. Since 1998, Maywood has operated a coordinated meet and purse distribution schedule with Balmoral Park. In 2013, Maywood raced 2 nights per week, January 3 through December 27, on Thursdays and Fridays, dark on February 2, 3, 9, 10 and November 28. In its 2014 application, Maywood Park proposed a marketing and promotions budget of \$665,500. (Maywood App., Ex. 23);(Staff Report, Ex. I). In 2012, actual marketing expenditures were \$788,244. (Maywood App., Ex. 22);(Staff Report, Ex. I). For 2014, Maywood has proposed two alternative racing scenarios. (Staff Report, Ex. A);(Maywood App., pp.1-2). Scenario One, if Maywood and Balmoral are permitted to consolidate their backstretches, live racing 2 nights per week on Thursdays and Fridays, from January 2 through December 26, with a dark period of August 4 through 14. Scenario Two, if Maywood and Balmoral are not permitted to consolidate their backstretches, live racing 4 nights per week, Wednesdays through Saturdays, from January 1 through March 1.

11. **Balmoral Park**, located in Crete, Illinois, has conducted both harness and thoroughbred racing during its 87-year history. Balmoral has conducted only harness racing since 1991. In 2013, Balmoral raced 3 nights per week, January 2 through December 29, on Wednesdays, Saturdays and Sundays, dark on February 4, 5, 8, 11, 12, March 31 and December 25. Balmoral hosts numerous stakes races during the summer and early fall, where horsemen compete for \$5.4 million in purses. This stakes schedule directs national attention to the Illinois harness racing program. Several of these stakes races are part of the “American National” series and many stakes are restricted to Illinois bred horses. Balmoral’s “Super Night,” where over \$1.3 million

in purses are distributed, is one of the country's premier harness racing events. In its 2014 application, Balmoral proposed a marketing and promotions budget of \$949,500. (Balmoral App., Ex. 23);(Staff Report, Ex. I). In 2012, actual marketing expenditures were \$1,125,095. (Balmoral App., Ex. 22);(Staff Report, Ex. I). For 2014, Balmoral has proposed two alternative racing scenarios. (Staff Report, Ex. A);(Balmoral App., pp.1-2). Scenario One, if Maywood and Balmoral are permitted to consolidate their backstretches, live racing 3 nights per week on Wednesdays, Saturdays and Sundays, from January 1 through December 31. Scenario Two, if Maywood and Balmoral are not permitted to consolidate their backstretches, live racing one night per week on Sundays from January 1 through March 1, and then 5 nights per week, Wednesdays through Sundays, from March 2 through December 31. Both schedules include a dark period of August 4 through 14.

12. Representatives from Maywood Park and Balmoral Park testified in support of their applications and their proposed alternative racing scenarios. John Johnston, President of Balmoral Park, testified that his preferred scenario was Scenario One of a year-round schedule of 5 nights of racing each week, with 2 nights at Maywood and 3 nights at Balmoral, which assumed that the Board would permit Maywood to close its backstretch and consolidate it into Balmoral's backstretch. (9/11/13 Tr. 26);(Balmoral & Maywood Ex. 3). If the Board had to award less live racing dates than requested in 2014, in order to maintain a year-round harness racing schedule, he indicated that the Board could eliminate Wednesdays as the lowest producing revenue day, followed by Sundays. (Tr. 53-54). He does not support an extended dark time period of up to eight weeks. (Tr. 55-57). He thought that there were about forty residents living on the backstretch of Maywood Park in the dorm. (Tr. 60). He testified that there is not currently a backstretch kitchen at either Balmoral or Maywood; he agreed there are not very

many food outlets within walking distance near Balmoral, as opposed to Maywood. (Tr. 36, 65-66). He testified that there are 960 stalls at Balmoral, of which 605 are being used, so there are 355 available for the 175 horses stabled at Maywood if they moved. (Tr. 39); (Balmoral & Maywood Ex. 8). He did not have a percentage or number of job loss for Maywood employees if its backstretch closed. (Tr. 51-52).

Randall Olech, Chief Financial Officer for Maywood, Balmoral and their holding/parent company World Wide Wagering, testified about their Exhibit 4, which was an attempt to show a combined Z-score of 3.3 for Maywood and Balmoral. (9/11/13 Tr. 77-78, 80, 82-84, 89-91); (Balmoral & Maywood Ex. 4). He explained that a major component of Maywood's negative Z-score was the \$11 million purse underpayment recorded as a liability to Maywood, accumulated over ten years, because they are effectively overpaying purses at Balmoral. (Tr. 83-84);(Maywood App., Ex. 5). They have an agreement with the IHHA that both purse schedules at Maywood and Balmoral are co-mingled and purse money can be shared between tracks. (Tr. 83). Balmoral and Maywood have common ownership with one common board of directors; they share the cash between the entities to make sure there is solvency and the ability to pay bills. (Tr. 84);(Staff Report Ex. F). Mr. Olech testified that they have not proposed closing down Maywood because their ultimate end game is to maintain and attempt to be viable for slots since there is a condition in the slots bill that they have to maintain a certain number of live race dates at Maywood and Balmoral. (Tr. 87-88).

William "Duke" Johnston, President of Maywood Park, testified that Balmoral and Maywood requested a ten-day dark period in August so that harness horsemen could participate in the State Fair race meet in Springfield, which lacks horses. (9/11/13 Tr. 93-94). There are 25 grooms housed in the dorm rooms on Maywood's backstretch. (Tr. 94);(Post-Hearing Brief of

Balmoral & Maywood, p. 6). After people check out, a lot of the dorms are reoccupied and used for storage or for trainers to take naps. (Tr. 94-95, 97). He stated that there are no more than six children living on the Maywood backstretch. (Tr. 96, 105);(Post-Hearing Brief, p. 6). He did not know how the children get to school or what school district they attend. (Tr. 96). He agreed that Maywood has 135 dorm rooms, and Balmoral has somewhere around 78. (Tr. 97). He stated that Scenario Two is their most efficient method of operation. (Tr. 98, 100).

13. David McCaffrey testified on behalf of the Illinois Harness Horsemen's Association ("IHHA") as its President. (9/11/13 Tr. 113). Mr. McCaffrey has a 30-horse stable, 25 of which are stabled at Maywood, and he is a horse trainer. *Id.* The IHHA is vehemently opposed to the request of Maywood and Balmoral to consolidate their backstretches because it would transfer a traditional racetrack expense of an open backstretch over to the horsemen, who would have to ship in to Maywood. (Tr. 116-119). He testified that there are eight or ten kids at Maywood enrolled in the local schools of Jane Adams, Proviso East and Triton. (Tr. 121, 132). Of the two proposed alternative scenarios, the IHHA would prefer Scenario One, racing a 3 and 2 night per week race schedule because it gives an opportunity for horses that race well at Maywood to stay there and race, and horses that race well at Balmoral to stay there and race. (Tr. 122). The IHHA's position on dark time is that a block of four to six weeks that coincides with The Meadowlands' successful simulcast product is probably the only way to keep purses at a respectable level through the majority of next year; specifically, when The Meadowlands races during the cold weather months of January, February and March. (Tr. 123-24, 130, 150-51, 160-61). Mr. McCaffrey testified that there had not been any discussions between the Johnstons and the IHHA about the logistics of moving people if Maywood's backstretch closed. (Tr. 126-27). He indicated that one of the purposes of the backstretch is to maintain residence and facilities so

that the horsemen could stay and race in Illinois. (Tr. 134-35). The proximity of the housing to the groom's job of caring for horses daily is the main reason that backstretches have dorms. (Tr. 137-38). If the Board had to cut back on live race dates, the IHHA would prefer a more continuous amount of dark time. (Tr. 139-140). Mr. McCaffrey testified that a downtime period of four to six weeks allows one to structure the training to give horses a break, as opposed to running a 52-week straight schedule where the horses may never get a break. (Tr. 141). He testified that four of the six off-track commercial stabling facilities near Balmoral are closing or are in foreclosure. (Tr. 143-44, 147). The horse population is also diminishing year after year. (Tr. 145). Regarding Exhibit 10, he testified that probably 90 percent of those tracks in the green box (with no backstretches) have slot-infused purses, meaning that horsemen are racing for ten times what horsemen are racing for in Illinois so those backstretches are not as big of a concern. (Tr. 148, 156). (Balmoral & Maywood Ex. 10).

14. In their closing brief, Maywood and Balmoral ultimately concluded that the Board should award live race dates under their proposed Scenario Two, in which Maywood would race live for two months from January 1 to March 1 on Wednesday through Saturday evenings, with Balmoral racing live on Sundays only during that time period, and thereafter Balmoral racing live from March 2 to December 31 for 5 days per week. They modified their request of the Board to amend or repeal Rule 1314.220 to permit them to consolidate their backstretches in 2015, instead of 2014. (Post-Hearing Brief of Balmoral & Maywood, pp. 1-2, 9). Because the Board finds that it is in the best interest of horse racing for the backstretch to remain open during a live meet, the Board will not amend or repeal IRB Rule 1314.220. Moreover, it is a condition in this order that each organization licensee shall maintain an open backstretch for the entirety of their race meet. (9/24/13 Tr. 23).

THOROUGHBRED

15. **Fairmount Park**, located in Collinsville, Illinois, provides racing opportunities for downstate Illinois horsemen and racing fans. As the parties have done for the last several years, Fairmount Park and the Illinois Division of the Horsemen's Benevolent and Protective Association ("HBPA") submitted a joint request for thoroughbred live race dates, this year requesting 52 race days from April 29 through September 20, 2014. (Staff Report, Ex. A, September 3, 2013 letter to IRB); (9/11/13 Tr. 167). Its application is supported by the downstate horsemen and is unopposed by any other applicant. (Tr. 176-77). Fairmount has experienced financial difficulty in recent years that has caused it to voluntarily reduce race days. Under Section 26(g)(7.1) of the Act, Fairmount Park must apply for at least as many live racing days as it conducted in calendar year 2000 in order to qualify for thoroughbred purses from simulcast and intertrack wagering. Fairmount Park has met this requirement. (Fairmount App., p. 1); (Tr. 166). The statute does not, however, require the Board to award any specific number of live racing days to Fairmount Park. In 2013, Fairmount was awarded 69 days. (Tr. 170). Fairmount's request for a 52-race day schedule in 2014 is a 25% reduction from its schedule in 2013. (Tr. 170). Fairmount's President and General Manager, Brian Zander, testified that this request is based on the final release of moneys from the Horse Racing Equity Trust Fund (HRETF) and the Horse Racing Equity Fund (HREF) with no foreseeable moneys coming in the next year or so, the importance of maximizing field size by running a combination of 2 and 3 day racing weeks, the importance of having year-round stabling and training at Fairmount, and the budget constraints of the Board as a result of the loss of ADW revenue to the State. (Tr. 168-170). Fairmount keeps its backstretch open year-round and has dorm facilities that house between 150 and 200 people. (Tr. 169-170). Mr. Zander and HBPA Executive Director Lanny

Brooks testified that Fairmount and the HBPA share the cost of year-round stabling during the dark time period after the meet ends in September up until six weeks before the new meet starts, and the cost is paid out of the purse account and pro-rated over the year. (Tr. 173-74, 177). In its 2014 application, Fairmount proposed a marketing and promotions budget of \$330,500. (Fairmount App., Ex. 23);(Staff Report, Ex. I). In 2012, actual marketing expenditures were \$344,206. (Fairmount App., Ex. 22);(Staff Report, Ex. I).

16. **Arlington Park**, located in Arlington Heights, Illinois, is viewed nationally and internationally as a premier racing facility and has been successful in attracting world-class horses and horsemen. The Board has historically awarded Arlington a thoroughbred meet that spans the entire summer. In 2013, Arlington raced from May 1 through September 30, racing four days per week, on Wednesdays (in May and June), Thursdays (in July, August and September), Fridays, Saturdays and Sundays. Arlington's on-track attendance has traditionally been the strongest in the State with an average daily attendance in 2013 of 8,307 people. (Staff Report, Ex. C, IRB Statistics p. 9). Arlington's stakes program constitutes 19% of open races, and its centerpiece, the Grade I Arlington Million, generates substantial fan interest in Illinois and nationwide. Out-of-state wagering on Arlington's live product averaged \$2.36 million daily in 2013. *Id.* Arlington Park has a synthetic surface race track, installed in 2007, and a first-class turf course. In its 2014 application, Arlington proposed a marketing and promotions budget of \$6,174,229. (Arlington App., Ex. 23);(Staff Report, Ex. I). In 2012, actual marketing expenditures were \$4,834,498. (Arlington App., Ex. 22);(Staff Report, Ex. I). For 2014, Arlington requested live racing 4 days per week on Wednesdays (amended to Thursdays), Fridays, Saturdays and Sundays from April 21 through June 30 and May 26 (dark April 23); and live racing 4 days per week on Thursdays, Fridays, Saturdays and Sundays from July 1 through

October 7 and September 1. (Staff Report, Ex. A);(Arlington App., p. 1). Arlington also requested night racing on three evenings “if Arlington is granted the race dates that it has applied for.” (Staff Report, Ex. A);(Arlington App. at p.1 and July 30, 2013 letter to IRB at p. 3).

Arlington Park and Hawthorne Race Course were not in agreement over the award of thoroughbred live race days and dark host time. Arlington requested that the Board lengthen the Arlington meet at both the beginning and end of its traditional May to September season, and award Arlington all of the winter dark host days in January and February of 2014. (Staff Report, Ex. A);(Arlington App., July 30, 2013 letter to IRB at pp. 3-4). To support its request, Arlington presented the testimony of Tony Petrillo, its General Manager, and Howard Sudberry, its Senior Director of Marketing and Communications. At the hearing, Mr. Petrillo verbally amended Arlington’s application to replace all Wednesday race dates it had originally requested with Thursdays. (9/11/13 Tr. 268-69). Mr. Petrillo described the successful International Festival of Racing, which culminates in the Arlington Million race in August. (Tr. 193-94); (Arlington Ex. A, slides 48-49). Arlington provided an analysis of statistics compiled by the Jockey Club and summarized in a 2011 report prepared by McKinsey & Company that identified current problems confronting the thoroughbred racing industry and suggested potential solutions. (Tr. 200, 296, 300);(Arlington slides 3-4). To address supply and demand, in recent years Arlington cut down its number of race days per week from five to four, in order to increase the daily purses and the field size (the number of horses entering into a race). (Tr. 200-201). To attract new fans, Arlington has extended its marketing efforts by co-branding with professional sports teams and businesses and having entertainment events every weekend. (Tr. 204, 214, 295, 300-302); (Arlington slides 7, 37-46). Arlington opens its backstretch two to three weeks before its race meet begins and incurs those expenses in order to have the proper number of horses on the

backstretch to support its race meet. (Tr. 208-209). Arlington's proposed marketing budget for 2014 is approximately \$6.1 million dollars, including \$1.2 million for night racing. (Tr. 212-13);(Staff Report, Ex. I);(Arlington App., Ex. 23). However, implementation of its 2014 marketing plan, capital improvement plan and business plan is contingent upon Arlington receiving all of the 2014 race dates it requested, including the 18 dark winter host days awarded to Hawthorne in 2013 and an additional 15 dark host days if there were no live racing during the last two weeks of February. (Tr. 242-43, 281);(Arlington App., July 30, 2013 letter to IRB at p. 3, and Exs. 17, 23, 30). Mr. Petrillo said that Arlington would like to implement night racing, but would not commit to it absent Arlington receiving the additional dark host days it requested in February, give or take 2 or 3 days. (Tr. 271-75). Arlington would use the dark host purse money from the 18 days to reestablish its purse structure and bonuses. (Tr. 241-42);(Arlington slide 26). As the Illinois host of the Kentucky Derby since 2006, Arlington has been able to increase attendance to over 23,000 on that day and to increase or maintain handle and pari-mutuel taxes to the State, despite a 30% decline in wagering on thoroughbred racing over the last 10 years. (Tr. 257-59, 298-99);(Staff Report, Ex. C, IRB Statistics p. 17).

17. **Hawthorne Race Course** in Stickney, Illinois, has been in the thoroughbred horse racing business for 103 years. Hawthorne has a one-mile dirt course and a 7/8 mile turf course, which are both excellent for thoroughbred racing. Hawthorne's turf course can be used in the spring, and can regenerate in the summer and be ready for turf racing in the fall. Hawthorne traditionally starts the thoroughbred racing season with a meet in the late winter/spring and closes the thoroughbred season with a late fall, early winter meet. The Board finds that a strong race meet in February through April conducted at Hawthorne Race Course is critical to maintaining a horse population ready to run at Arlington Park in the summer. Hawthorne hosts

the prestigious Grade II Gold Cup and the Grade III Illinois Derby. Hawthorne's thoroughbred program emphasizes more Illinois bred races and provides racing opportunities and purses for more Illinois horsemen and those who are unable to race at Arlington. In 2013, Hawthorne raced from February 15 through April 30, racing three and four days per week, and October 1 through December 31, racing five days per week. In its 2014 application, Hawthorne proposed a marketing and promotions budget of \$1,555,000. (Hawthorne App., Ex. 23);(Staff Report, Ex. I). In 2012, actual marketing expenditures were \$2,485,477. (Hawthorne App., Ex. 22);(Staff Report, Ex. I). For 2014, Hawthorne has requested live racing 3 days per week on Fridays, Saturdays and Sundays from February 14 through February 28 (dark February 16); live racing 4 days per week on Wednesdays, Fridays, Saturdays and Sundays from March 1 through May 10 (dark April 20); and live racing 5 days per week on Wednesdays, Thursdays, Fridays, Saturdays and Sundays from October 1 through December 31 (dark November 27, December 24 and 25). (Staff Report, Ex. A); (Hawthorne App., p. 1).

Hawthorne presented the testimony of its President and General Manager, Tim Carey. (9/11/13 Tr. 310). Hawthorne applied for the same live racing schedule as it requested in 2013, including a request to be the Illinois host for the Kentucky Derby in May. (Tr. 310); (Staff Report Ex. A);(Hawthorne App., July 29, 2013 letter to IRB at p. 2). Mr. Carey testified about the importance of Hawthorne's Spring and Fall meets to Illinois racing. (Tr. 311, 315-16). He noted the problems that Hawthorne has faced in 2013, including the lingering effects of the Equine Herpes Virus quarantine from the 2012 Fall meet and the inclement spring weather, which affected the Illinois Derby. (Tr. 318-20, 322, 330-32). Hawthorne also experienced the elimination of ADW during the operation of its entire 2013 Spring meet. (Staff Report, Ex. C, IRB Statistics p. 12). In terms of live race dates that are in contention with Arlington's request,

Hawthorne applied for the last week in April and the first week in May, as well as the first week in October. (Tr. 312). Mr. Carey testified that the last week in April and the first week in October are vital to Hawthorne maintaining its purse structure and having stakes races, including its Illinois-Bred Stakes Day, which generates \$1.3 million in purses and track commissions, and the Hawthorne Derby, which generates over \$900,000 in purses and track commissions. (Tr. 334, 339-41). Other than Hawthorne being able to offer an infield location for a Kentucky Derby party, Mr. Carey did not provide any substantial advantage for Hawthorne being the Illinois host for the Kentucky Derby in May. (Tr. 337).

As far as the winter dark host time, Hawthorne also applied for all of the dark host days in January and February, seeking more than the 18 dark host days it was awarded in 2013. (Tr. 311, 346). Hawthorne would use the additional dark host track commissions for capital projects such as replacing roofs on some barns and replacing its exterior fence, as well as for its expenses of providing free winter stabling and housing on the backstretch and in apartments. (Tr. 317, 346-47). Hawthorne would use the dark host purse money to add to the purses for the Illinois bred stakes program and to sustain overnight purses. (Tr. 318-19, 323). Mr. Carey testified that using the dark host purse money to raise the purse to \$750,000 for the Illinois Derby in 2013 made the race more successful by attracting a field size of 14 horses, and noted that the winning horse, "Departing", has gone on to more success. (Tr. 321). The attendance level at Hawthorne for the Illinois Derby day also increased 75%. (Tr. 318);(Staff Report, Ex. C, IRB Statistics p. 18). Hawthorne would like to keep promoting and developing the Illinois Derby. (Tr. 321).

As a family-owned business that has been around for 103 years, Hawthorne has the character, reputation and experience to operate a race meet. (Tr. 341). As to its financial condition, Mr. Carey explained that Hawthorne Race Course was a debt free company until

2007, when it had to merge with its neighbor National Jockey Club (NJC), paid over \$6 million of payables and “outs” (uncashed winning tickets) of NJC, bought barns and apartment buildings, and took on their debt. (Tr. 326, 349, 350-52). Regarding its facilities, Hawthorne has an all weather facility. (Tr. 342). Mr. Carey testified that Hawthorne provides free winter stabling during the January and February dark time when there is no live thoroughbred racing in the State, which costs Hawthorne over \$700,000. (Tr. 315);(Hawthorne Ex. 2). He further testified that Hawthorne provides living quarters both on the backstretch and in nearby apartments free of charge for horsemen and more than 300 children who attend the local schools in Cicero. (Tr. 346-47, 361). Mr. Carey testified regarding Hawthorne’s affirmative action plan. He stated that sixty percent of Hawthorne’s workforce is female/minority. Fifty percent of Hawthorne’s management is female. (Tr. 344);(Staff Report, Ex. H). In terms of marketing and promotions, Hawthorne spent money on the broadcast of the Illinois Derby on WGN television and radio in 2013. (Tr. 345). In 2013 Hawthorne also introduced a new marketing contest called “Own a Horse with Eddie O”, featuring Eddie Olczyk of the Chicago Blackhawks, which gave Hawthorne additional advertising presence at the United Center during Blackhawks games. (Tr. 363). Mr. Carey said that Hawthorne’s preference was to not cut any live race dates, but if cuts were needed, they should be during the first three weeks of December prior to Christmas, and then in November. (Tr. 353-56).

18. Michael Campbell testified on behalf of the Illinois Thoroughbred Horsemen’s Association (“ITHA”) as its President. (9/11/13 Tr. 375). Mr. Campbell is a licensed horse trainer in Illinois and other states. *Id.* As to Arlington’s and Hawthorne’s requests for 2014 race dates, the ITHA’s position is that it supports the Spring meet at Hawthorne. (Tr. 376). The ITHA supports maximizing live racing opportunities for horsemen. *Id.* The ITHA takes no

position on dark time and defers to the Racing Board on that issue. *Id.* When asked if the ITHA had a position on reducing live race dates, he stated that he did not have an opportunity to discuss it with his board. (Tr. 382). The ITHA would like to see the Racing Board funded in a better way. *Id.*

19. **Thoroughbred Dark Host Status.** Arlington and Hawthorne submitted overlapping requests for winter dark host time, both seeking the months of January and February of 2014. (Staff Report, Ex. A);(Arlington App., July 30, 2013 letter to IRB at p. 3); (Hawthorne App., July 29, 2013 letter to IRB, p.1). Pursuant to Section 3.075(e) of the Act, “During any calendar period in which no organization licensee has been awarded a thoroughbred race meeting, the host track, between the hours of 6:30 a.m. and 6:30 p.m. of such period, shall be an organization licensee determined by the Board, provided the organization licensee has been awarded a thoroughbred race meeting in the current year and is eligible to be a host track.” As Fairmount Park is not eligible to be a host track (per 230 ILCS 5/3.075(a)), Arlington and Hawthorne are the only two thoroughbred organization licensees that may be considered for dark host status. Each dark host day can only be awarded to one organization licensee. As a result, the award of each dark host day to one organization licensee necessarily comes at the expense of the other organization licensee, in terms of dark host purse money and dark host track commissions. During the dark thoroughbred period of January and February 2013, the average daily state revenue was roughly \$12,000, the average daily purses earned was roughly \$55,000, and the average daily host track commissions was roughly \$28,000. (Staff Report, Ex. C, IRB Statistics p. 14). Considering all of the evidence, the Board finds that modification of both Arlington’s and Hawthorne’s requests for all of the winter dark host time is warranted.

Under full Schedule One, the first 23 dark host days are awarded to Arlington (January 1

through January 23, 2014) and the last 28 dark host days are awarded to Hawthorne before its live racing meet begins on February 21 (January 24 through February 20, 2014). While both Arlington and Hawthorne incur backstretch expenses prior to the opening of their respective meets, the fact remains that Hawthorne incurs winter stabling and housing expenses for at least a six-week period when there is no live thoroughbred racing in Illinois. (9/11/13 Tr. 208-209, 315-16, 346-47). Such an award will stimulate growth within Illinois' horse racing industry by providing dark host track commissions to help cover the winter stabling and housing expenses at Hawthorne so that the horses and horsemen do not migrate elsewhere but remain in Illinois throughout the winter and race in Hawthorne's spring meet, followed by Arlington's summer meet. Such an award will also ensure that Illinois' horse racing industry remains competitive with neighboring states by providing dark host purse money to sustain overnight purses and to add to the purses for stakes races at Hawthorne, including the Illinois bred stakes program and the Illinois Derby held in April. (9/11/13 Tr. 318-19, 321, 323, 334, 339-41).

20. In its applications for 2012 and 2013 race dates, Arlington requested night racing on three evenings conditioned upon the award of the dark time requested. Arlington declined to conduct night racing in 2012 and was not awarded night racing in 2013, due to its self-imposed condition not being met. In its application for 2014 race dates, Arlington requested night racing on three evenings conditioned upon the award of all live race dates and winter dark host days that it requested. (Arlington App., July 30, 2013 letter to IRB at p. 3, and Exs. 23, 30); (9/11/13 Tr. 242-43, 271-75). Arlington's self-imposed condition on its request for night racing was not met, and night racing for 2014 was not awarded to Arlington. (9/24/13 Tr. 35-38).

21. Members of the Board have visited each Illinois racetrack and are familiar with the facilities and accommodations of each applicant. The Board notes the following about Illinois'

five racetracks:

Arlington Park

- a) Arlington has a 1 1/8 mile main course with a synthetic racing surface (Polytrack) and a one-mile turf course. Both are ideal for thoroughbred racing.
- b) For its main course, Arlington utilizes the Fontana safety rail, which is preferred by thoroughbred jockeys.
- c) Arlington's public facilities and accommodations are superior for warm weather racing.
- d) Arlington's backside facilities are excellent for warm weather racing. Three new family dormitories have been built since 2005.
- e) Arlington has sufficient stall space to accommodate all race dates requested.

Balmoral Park

- a) Balmoral has a one-mile clay and limestone track, equipped with lights, which is excellent for harness racing.
- b) Balmoral utilizes the "hubless hubrail," which is considered by harness drivers to be the most important safety feature available.
- c) Balmoral's facilities and accommodations for the public are excellent and appropriate for all weather conditions.
- d) Balmoral's backside facilities and accommodations are adequate for all weather conditions.
- e) Balmoral has sufficient stall space to accommodate all race dates requested.

Fairmount Park

- a) Fairmount Park has a one-mile dirt course and utilizes the Fontana Safety rail.
- b) Fairmount's public facilities and accommodations are adequate.
- c) Fairmount's backside facilities are adequate.

- d) Fairmount has sufficient stall space to accommodate all race dates requested.

Hawthorne Race Course

- a) Hawthorne's accommodations for the public are excellent for all weather conditions.
- b) Hawthorne has a one-mile dirt course, and a 7/8 mile turf course, which is ideal for thoroughbred racing.
- c) Hawthorne uses a removable, modified Fontana Safety rail system, for thoroughbred racing. Thoroughbred jockeys prefer the Fontana rail.
- d) Hawthorne's backside facilities and accommodations are adequate for all weather conditions. Hawthorne provides and maintains off-site housing for backstretch workers.
- e) Hawthorne has sufficient stall space to accommodate all race days requested.

Maywood Park

- a) Maywood has a half-mile limestone track, equipped with lights, which is acceptable for harness racing.
- b) Maywood utilizes the "hubless hubrail," which is considered by harness drivers to be the most important safety feature available.
- c) Maywood's public and backside facilities and accommodations are adequate for all weather conditions.
- d) Maywood has sufficient stall space to accommodate all race dates requested.

22. The Board finds that Illinois thoroughbred and harness racing, wagering and revenues are still in decline. Handle at brick and mortar locations decreased 1% in 2013, and with Advance Deposit Wagering included, total handle is down 11%. Out-of-state handle on Illinois races was down 12%. The State receives no revenue from out-of-state handle on Illinois races. Arlington's Illinois handle was down 5% in 2013, and attendance decreased by 6%. Arlington's out-of-state handle on its races decreased by 8%. Hawthorne's Illinois handle for its 2013 Spring

meet was down 12% over its 2012 Spring meet, and attendance increased by 4%. Out-of state handle on Hawthorne's races was down 22%. On the harness side, Balmoral was down 12% in out-of-state handle on its races, and Maywood was down 1%. Illinois handle on Balmoral was down 9%, and Maywood was down 6%. Fairmount Park's Illinois handle was down 6% and out-of-state handle on its races increased by 25%. (Staff Report, Ex. C, IRB Statistics pp. 7, 9, 10, 11).

23. The Board considered the total revenue to be derived by the State and horsemen from the conduct of race meetings, without regard to Section 32.1 of the Act (the real estate pari-mutuel tax credit). Arlington generates the most total revenue for the State of \$10,569 per live race day in 2013, followed by Hawthorne, Balmoral, Fairmount and Maywood. (Staff Report, Ex. D at p. 3);(9/11/13 Tr. 218-19);(9/24/13 Tr. 42).

24. The Board has considered each of the applicants consistent with the factors enumerated in Section 20(e-5) of the Horse Racing Act (230 ILCS 5/20(e-5)). Considering all of the evidence, as well as the economic difficulties facing both the industry and state regulators, the Board finds that some substantial modifications of the racing calendar are required in order to sustain and promote the industry, to ensure the integrity of racing, and to serve the best interest of the public. The Board has the authority, pursuant to Section 21(b) of the Horse Racing Act, to grant racing dates different from those requested by the applicants. 230 ILCS 5/21(b).

In its award of 2014 races dates and in establishing an overall racing schedule, the Racing Board is faced with unprecedented fiscal and budgetary challenges. (Staff Report, Ex. D). With respect to the uncertainty of funding available in 2014 to award a full racing schedule and carry-out its regulatory responsibilities, the Board is compelled to consider issuing a full schedule contingent upon events occurring which would restore funding to adequate levels, and three

alternative reduced racing schedules in the event certain funding options do not materialize. (9/24/13 Tr. 16-17).

In considering a reduced racing schedule and total live race dates awarded within the alternative schedules, the Board has reviewed the State revenues (pari-mutuel and admission taxes) generated by each of the organization licensee applicants. The cost of regulating each live race day, including staffing and laboratory drug testing, is similar (roughly \$9,400) among all applicants. (Staff Report, Ex. D at p. 3). The alternative schedules concentrate the race date reductions among the applicants generating the least amount of money in pari-mutuel and admission taxes for live racing.

Schedule One establishes a racing schedule and awards a total number of race dates contingent upon the Board receiving \$725,000 in supplemental funding and the reauthorization of advance deposit wagering by January 31, 2014.

Alternative Schedule Two establishes a racing schedule and awards a total number of race dates contingent upon the Board **not** receiving \$725,000 in supplemental funding and the reauthorization of advance deposit wagering by January 31, 2014.

Alternative Schedule Three establishes a racing schedule and awards a total number of race dates contingent upon the Board receiving \$725,000 in supplemental funding and advance deposit wagering **not** being reauthorized by January 31, 2014.

Alternative Schedule Four establishes a racing schedule and awards a total number of race dates contingent upon the Board **not** receiving \$725,000 in supplemental funding and advance deposit wagering **not** being reauthorized by January 31, 2014.

Consistent with its obligation to act in the best interest of the public and the sport of horse racing and to determine an overall schedule which enhances and supports Illinois' horse racing

industry, ensures that Illinois' horse racing industry remains competitive with neighboring states, stimulates growth within Illinois' horse racing industry, promotes tourism, encourages the breeding of horses in Illinois, and ensures that public confidence and trust in the credibility and integrity of racing operations and the regulatory process is maintained, and based on the applications, exhibits, and testimony,

IT IS HEREBY ORDERED THAT IN SCHEDULE ONE:

25. Fifty-two (52) days of thoroughbred racing are allotted to Fairmount Park, Inc., to be conducted at Fairmount Park from April 29, 2014 through May 31, 2014 on Tuesday afternoons and Saturday evenings; June 1, 2014 through August 16, 2014 on Tuesday afternoons and Friday and Saturday evenings, dark on July 4; and August 17, 2014 through September 20, 2014 on Tuesday afternoons, Saturday evenings and September 1. Dark on August 30.

26. Eighty-nine (89) days of thoroughbred racing are allotted to Arlington International Racecourse, LLC, to be conducted at Arlington Park from April 28, 2014 through September 30, 2014. In addition, Arlington Park is awarded host track status from January 1, 2014 through January 23, 2014. Arlington Park will race four days per week, Thursdays, Fridays, Saturdays and Sundays with live racing on May 26 and September 1, dark on May 1. Post times shall be 1:00 p.m., except that Arlington Park may have a 12:00 noon post time on Kentucky Derby Day, an 11:45 a.m. post time on Arlington Million Day, and a 3:00 p.m. post on Fridays. Arlington shall conclude its Friday afternoon program (last race declared official) by 7:10 p.m. so as not to conflict with the Maywood evening program. Arlington may conduct 12 races on Arlington Million Day. Arlington Park shall operate as the Illinois host track for the entirety of its meet, even on days and during weeks when no live racing occurs.

27. One hundred (100) days of thoroughbred racing are allotted to Hawthorne Race Course,

Inc. to be conducted at Hawthorne Race Course from February 21, 2014 through April 27, 2014 racing four days per week on Wednesdays, Fridays, Saturdays and Sundays, dark on February 26 and April 20. Live racing October 1, 2014 through December 31, 2014, five days per week, dark Mondays and Tuesdays and November 27, December 24 and December 25. In addition, Hawthorne Race Course is awarded host track status from January 24, 2014 through February 20, 2014. During live racing, post times shall be 1:00 p.m., except that Hawthorne may have a 3:00 p.m. post on Fridays, as daylight may permit. Hawthorne Race Course shall operate as the Illinois host track for the entirety of its meet, even on days when no live racing occurs. The race dates awarded to Hawthorne in the four schedules are subject to the following condition:

a) Hawthorne Race Course is required to maintain the existing secured lines of credit and secured loans, and to produce written confirmation letters from those financial institutions verifying the loans have been maintained and extended, with sufficient available credit to satisfy all statutory obligations through the entirety of its 2014 race meet. (9/24/13 Tr. 20-21).

28. One hundred and thirty-six (136) nights of harness racing are allotted to Balmoral Racing Club, Inc. to be conducted at Balmoral Park from January 1, 2014 through December 31, 2014, racing three nights per week, Wednesdays, Saturdays and Sundays. Dark January 1 through February 4, August 4 through August 14, April 20 and December 24. Post times shall be between 7:00 p.m. and 7:45 p.m., except that Sunday and New Year's Eve post times may be at 6:30 p.m. Balmoral shall operate as the Illinois host track for the entirety of its meet, even on days when no live racing occurs. Balmoral may conduct no more than 14 races on Saturdays and 12 races on Sundays.

29. Eighty-nine (89) nights of harness racing are allotted to Maywood Park Trotting

Association, Inc. to be conducted at Maywood Park from January 1, 2014 through December 31, 2014, racing two nights per week on Thursdays and Fridays. Dark January 1 through February 5, August 4 through August 14, November 27 and December 25. Post times shall be between 7:00 p.m. and 7:45 p.m. Maywood Park Trotting Association shall operate as the Illinois host track for the entirety of its meet. Maywood may conduct no more than 12 races on Thursdays and 14 races on Fridays.

IT IS HEREBY ORDERED THAT IN SCHEDULE TWO:

30. Fifty-two (52) days of thoroughbred racing are allotted to Fairmount Park, Inc., to be conducted at Fairmount Park from April 29, 2014 through May 31, 2014 on Tuesday afternoons and Saturday evenings; June 1, 2014 through August 16, 2014 on Tuesday afternoons and Friday and Saturday evenings, dark on July 4; and August 17, 2014 through September 20, 2014 on Tuesday afternoons, Saturday evenings and September 1. Dark on August 30.

31. Eighty-nine (89) days of thoroughbred racing are allotted to Arlington International Racecourse, LLC, to be conducted at Arlington Park from April 28, 2014 through September 30, 2014. In addition, Arlington Park is awarded host track status from January 1, 2014 through January 18, 2014. Arlington Park will race four days per week, Thursdays, Fridays, Saturdays and Sundays with live racing on May 26 and September 1, dark on May 1. Post times shall be 1:00 p.m., except that Arlington Park may have a 12:00 noon post time on Kentucky Derby Day, an 11:45 a.m. post time on Arlington Million Day, and a 3:00 p.m. post on Fridays. Arlington shall conclude its Friday afternoon program (last race declared official) by 7:10 p.m. so as not to conflict with the Maywood evening program. Arlington may conduct 12 races on Arlington Million Day. Arlington Park shall operate as the Illinois host track for the entirety of its meet, even on days and during weeks when no live racing occurs.

32. Eighty-one (81) days of thoroughbred racing are allotted to Hawthorne Race Course, Inc. to be conducted at Hawthorne Race Course from February 28, 2014 through April 27, 2014 racing four days per week on Wednesdays, Fridays, Saturdays and Sundays, dark on April 20. Live racing October 1, 2014 through November 16, 2014 and December 12, 2014 through December 31, 2014, five days per week, dark Mondays and Tuesdays and December 24 and December 25. In addition, Hawthorne Race Course is awarded host track status from January 19, 2014 through February 27, 2014 and November 17, 2014 through December 11, 2014. During live racing, post times shall be 1:00 p.m., except that Hawthorne may have a 3:00 p.m. post on Fridays, as daylight may permit. Hawthorne Race Course shall operate as the Illinois host track for the entirety of its meet, even on days when no live racing occurs.

33. Eighty-eight (88) nights of harness racing are allotted to Balmoral Racing Club, Inc. to be conducted at Balmoral Park from January 1, 2014 through December 31, 2014, racing two nights per week on Saturdays and Sundays. Dark January 1 through February 15, August 4 through August 14, April 20 and December 24. Post times shall be between 7:00 p.m. and 7:45 p.m., except that Sunday and New Year's Eve post times may be at 6:30 p.m. Balmoral shall operate as the Illinois host track for the entirety of its meet, even on days when no live racing occurs. Balmoral may conduct no more than 14 races on Saturdays and 12 races on Sundays.

34. Eighty-five (85) nights of harness racing are allotted to Maywood Park Trotting Association, Inc. to be conducted at Maywood Park from January 1, 2014 through December 31, 2014, racing two nights per week on Thursdays and Fridays. Dark January 1 through February 19, August 4 through August 14, November 27 and December 25. Post times shall be between 7:00 p.m. and 7:45 p.m. Maywood Park Trotting Association shall operate as the Illinois host track for the entirety of its meet. Maywood may conduct no more than 12 races on Thursdays

and 14 races on Fridays.

IT IS HEREBY ORDERED THAT IN SCHEDULE THREE:

35. Nineteen (19) days of thoroughbred racing are allotted to Fairmount Park, Inc., to be conducted at Fairmount Park from April 29, 2014 through July 1, 2014 racing two days per week, Tuesdays and Saturdays.

36. Sixty-eight (68) days of thoroughbred racing are allotted to Arlington International Racecourse, LLC, to be conducted at Arlington Park from May 2, 2014 through September 28, 2014. In addition, Arlington Park is awarded host track status from January 1, 2014 through January 31, 2014. Arlington Park will race three days per week, Fridays, Saturdays and Sundays with live racing on May 26 and September 1. Post times shall be 1:00 p.m., except that Arlington Park may have a 12:00 noon post time on Kentucky Derby Day, an 11:45 a.m. post time on Arlington Million Day, and a 3:00 p.m. post on Fridays. Arlington shall conclude its Friday afternoon program (last race declared official) by 7:10 p.m. so as not to conflict with the Maywood evening program. Arlington may conduct 12 races on Arlington Million Day. Arlington Park shall operate as the Illinois host track for the entirety of its meet, even on days and during weeks when no live racing occurs.

37. Fifty (50) days of thoroughbred racing are allotted to Hawthorne Race Course, Inc. to be conducted at Hawthorne Race Course from March 7, 2014 through May 1, 2014 and September 29, 2014 through November 30, 2014, racing three days per week on Fridays, Saturdays and Sundays, dark on April 20. In addition, Hawthorne Race Course is awarded host track status from February 1, 2014 through March 6, 2014 and December 1, 2014 through December 31, 2014. During live racing, post times shall be 1:00 p.m., except that Hawthorne may have a 3:00 p.m. post on Fridays, as daylight may permit. Hawthorne Race Course shall operate as the

Illinois host track for the entirety of its meet, even on days when no live racing occurs.

38. Eighty-four (84) nights of harness racing are allotted to Balmoral Racing Club, Inc. to be conducted at Balmoral Park from January 1, 2014 through December 31, 2014, racing two nights per week on Fridays and Saturdays. Dark January 1 through February 6, August 8 and August 9 and December 1 through December 31. Post times shall be between 7:00 p.m. and 7:45 p.m., except that Sunday and New Year's Eve post times may be at 6:30 p.m. Balmoral shall operate as the Illinois host track for the entirety of its meet, even on days when no live racing occurs. Balmoral may conduct no more than 14 races on Saturdays and 12 races on Sundays.

IT IS HEREBY ORDERED THAT IN SCHEDULE FOUR:

39. Ten (10) days of thoroughbred racing are allotted to Fairmount Park, Inc., to be conducted at Fairmount Park from April 29, 2014 through May 31, 2014, racing two days per week, Tuesdays and Saturdays.

40. Forty-nine (49) days of thoroughbred racing are allotted to Arlington International Racecourse, LLC, to be conducted at Arlington Park from May 1, 2014 through August 20, 2014. In addition, Arlington Park is awarded host track status from January 1, 2014 through January 31, 2014 and September 21, 2014 through October 31, 2014. Arlington Park will race three days per week, Fridays, Saturdays and Sundays and May 26. Post times shall be 1:00 p.m., except that Arlington Park may have a 12:00 noon post time on Kentucky Derby Day, an 11:45 a.m. post time on Arlington Million Day, and a 3:00 p.m. post on Fridays. Arlington shall conclude its Friday afternoon program (last race declared official) by 7:10 p.m. so as not to conflict with the Maywood evening program. Arlington may conduct 12 races on Arlington Million Day. Arlington Park shall operate as the Illinois host track for the entirety of its meet, even on days and during weeks when no live racing occurs.

41. Fifteen (15) days of thoroughbred racing are allotted to Hawthorne Race Course, Inc. to be conducted at Hawthorne Race Course from August 21, 2014 through September 20, 2014, racing three days per week on Fridays, Saturdays and Sundays and September 1. In addition, Hawthorne Race Course is awarded host track status from February 1, 2014 through April 30, 2014 and November 1, 2014 through December 31, 2014. During live racing, post times shall be 1:00 p.m., except that Hawthorne may have a 3:00 p.m. post on Fridays, as daylight may permit. Hawthorne Race Course shall operate as the Illinois host track for the entirety of its meet, even on days when no live racing occurs.

42. Thirteen (13) nights of harness racing are allotted to Balmoral Racing Club, Inc. to be conducted at Balmoral Park from January 1, 2014 through December 31, 2014, racing one night per week on Saturdays. Dark January 1 through July 4 and September 28 through December 31. Post times shall be between 7:00 p.m. and 7:45 p.m., except that Sunday and New Year's Eve post times may be at 6:30 p.m. Balmoral shall operate as the Illinois host track for the entirety of its meet, even on days when no live racing occurs. Balmoral may conduct no more than 14 races on Saturdays and 12 races on Sundays.

43. No organization licensee receiving racing dates pursuant to this order shall be deemed to have a vested interest, property right or future expectation to receive an organization license in any subsequent year as a result of the granting of an organization license for the calendar year 2014. 230 ILCS 5/20(f).

44. Each organization licensee shall adhere to their published post times for each race, allowing for reasonable deviation. (9/24/13 Tr. 23).

45. Each organization licensee shall maintain an open backstretch for the entirety of their race meet, with sufficient dorm rooms to house backstretch workers and sufficient stall space to

accommodate horses for all dates awarded. (9/24/13 Tr. 23).

46. Consistent with Section 29(d) of the Horse Racing Act, each organization licensee shall have a written agreement with their respective horsemen's association no later than 30 days before the commencement of their respective race meet. If no agreement is reached by the 30-day deadline, the organization licensee shall immediately notify the Board's Executive Director. The Chairman shall designate a mediator to resolve the dispute. (9/24/13 Tr. 23-24).

47. No organization licensee shall card more races per program in 2014 as they carded on like days in 2013. (9/24/13 Tr. 24).

48. As a condition of its license, each organization licensee agrees to the following before the commencement of their respective 2014 race meets:

Arlington Park:

- 1) An agreement with the Illinois Thoroughbred Horsemen's Association, pursuant to Section 3.075(a) of the Horse Racing Act, to allow a lesser schedule than 5 days per week. (9/24/13 Tr. 19).
- 2) To the satisfaction of Board staff, the following repairs shall be made: fix leaking roofs in barns 3, 4 and 5 and enclose the ceiling insulation in barn 5; if utilized in 2014, repair the roof on barn 26; and repair the Fontana rail. (9/11/13 Tr. 277-78);(9/24/13 Tr. 19-20).

Balmoral Park:

- 1) An agreement with the Illinois Harness Horsemen's Association, pursuant to Section 3.075(a) of the Horse Racing Act, to allow a lesser schedule than 5 days per week. (9/24/13 Tr. 21).
- 2) To the satisfaction of Board staff, the following repairs shall be made: install oscillating fans in old paddock as previously agreed to; improve lighting between barns in the north barn area; repair concrete steps leading up to the race office; and make necessary repairs to barn 26 (toilets, sinks, showers and lighting) as previously agreed to. (9/11/13 Tr. 103);(9/24/13 Tr. 22).

Hawthorne Race Course:

- 1) An agreement with the Illinois Thoroughbred Horsemen's Association, pursuant to Section 3.075(a) of the Horse Racing Act, to allow a lesser schedule than 5 days per week. (9/24/13 Tr. 20).
- 2) To the satisfaction of Board staff, the following repairs shall be made: replace and/or add lights in the concrete barns. (9/11/13 Tr. 364-65); (9/24/13 Tr. 21).

Maywood Park:

- 1) An agreement with the Illinois Harness Horsemen's Association, pursuant to Section 3.075(a) of the Horse Racing Act, to allow a lesser schedule than 5 days per week. (9/24/13 Tr. 22).
- 2) To the satisfaction of Board staff, the following repairs shall be made: make necessary repairs to the tack room in barn C1 by fixing the leaking roof; make necessary repairs to the roof on barn C3 and fix leaking faucets in bath stalls; and level sewer caps. (9/11/13 Tr. 103);(9/24/13 Tr. 22-23).

49. Each organization shall establish and maintain security staffing at a level that is satisfactory to the Board.

50. Each organization licensee shall furnish to the Board annually the following inspection reports:

- a) A report from the Health Department of the municipality in which the track is located, or the Health Department of the County or State if the municipality lacks jurisdiction. This inspection report shall include, but not be limited to, an inspection of kitchen and concession equipment, water supply, sewage, drainage, housing and sanitation facilities of both the backside and the public areas. This report shall state that the facilities inspected at the particular track are in satisfactory compliance with the applicable health code provisions.
- b) A report from the Building Department of the municipality in which the track is located, or the Health Department of the County or State if the municipality lacks jurisdiction, stating that all the buildings located on the physical plant of the particular track are in satisfactory compliance with the applicable building code provisions.
- c) A satisfactory report from the State Fire Marshal's Office. This report shall detail any corrective action required in the areas of fire prevention,

detection, suppression, construction, or health and safety addressed by the State Fire Marshal, the Board's Fire Safety rules (11 Ill. Adm. Code 403), or any state statutes which may be applicable. If the track appeals the findings of the Office of the State Fire Marshal, a copy of said appeal shall be filed with the Board in lieu of the Statement of Satisfactory Compliance. All tracks shall keep Board staff apprised of the status of any appeals.

- d) Copies of all interim inspection reports, citing code and fire rule violations, if any, shall be submitted to the Board by the organization licensee within three (3) working days of receipt by the organization licensee. In the event of successive race meets of the same breed at the same track, only the first organization need submit the inspection reports required in this paragraph, unless any applicable rules require additional inspections.

51. Prior to the issuance of an organization license, each applicant shall file an admission tax bond in the amount of \$25,000 and a pari-mutuel tax bond in the amount of \$200,000. Said bonds shall be filed with the Board not less than 20 days prior to the opening of each applicant's meet.

52. Each organization licensee, within 10 days of receipt of the final executed Dates Order, shall file with the Board an acceptance of the award, and pay to the Board \$110 for each live racing date awarded in Schedule One. Refunds shall be made in the event a lesser schedule is implemented.

53. Each thoroughbred organization licensee shall submit its proposed stakes schedule, including proposed purses, to the Board for its approval at least 60 days prior to the opening of a new race meeting. Accompanying the proposed stakes schedule shall be a letter of approval or disapproval from the horsemen's groups.

54. Each organization licensee accepting thoroughbred dates under this order shall publish condition books covering at least the first seven (7) days of the meet and make them available to horsemen at least three (3) weeks prior to opening day; except Hawthorne Race Course and

Fairmount Park, Inc., which shall provide such books no later than six (6) weeks prior to opening day. Thereafter, condition books shall be provided no later than three (3) weeks prior to the effective date of the first day of racing provided in such subsequent condition books.

55. Each licensee shall make pari-mutuel settlements within a 15-day cycle. Pari-mutuel settlements include, but are not limited to, live and host track commissions, purse allocations, outstanding pari-mutuel winnings, surcharges and interstate host fees.

56. The failure of any organization licensee to satisfy any of the aforementioned conditions or mandates to the Board's satisfaction may result in civil penalties being assessed against them, rescission of their racing dates, and revocation of their organization licenses.

57. Attached hereto as Appendix A and made a part hereof is a chart of the 2014 dates awarded.

58. The commissioners approved the 2014 racing schedules by a vote of 8 to 1. The following commissioners voted in favor of the schedules: Berry, Byrne, LaPidus, Monat, Reyes, Scates, Schiewe and Whalen. The following commissioner voted against the schedules: Sronce.

59. This is a final administrative decision subject to the Administrative Review Law. 230 ILCS 5/46. This decision may be challenged by the filing of an action for administrative review within 35 days of deposit in the U.S. mail. 735 ILCS 5/3-103.

60. This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one document. Signatures may be transmitted initially by facsimile, with hard copy to follow.

[Signature Page to Follow]

APPENDIX A

2014 RACING DATES SCHEDULES

SCHEDULE #1

On the conditions that the Board receives supplemental funding of at least \$725,000 and advance deposit wagering is reauthorized by January 31, 2014.

THOROUGHBRED

Fairmount Park – 52 live programs

- Live racing April 29th through May 31st on Tuesday afternoons and Saturday evenings;
June 1st through August 16th on Tuesday afternoons and Friday and Saturday evenings, dark on July 4th; and August 17th through September 20th on Tuesday afternoons, Saturday evenings and Labor Day September 1st. Dark August 30th.

Arlington Park – 89 live programs and 90 dark host programs for a total of 179

Dark host period - January 1st through January 23rd

- Live racing April 28th through September 30th
Racing 4 days per week, Thursdays, Fridays, Saturdays and Sundays except live racing on May 26th and September 1st.
Dark May 1st.

Hawthorne Race Course – 100 live programs and 86 dark host programs for a total of 186

Dark host period – January 24th through February 20th

- Live racing February 21st through April 27th
Racing 4 days per week on Wednesdays, Fridays, Saturdays and Sundays. Dark Easter Sunday, April 20th. Dark February 26th.
- Live racing October 1st through December 31st
Racing 5 days per week, Wednesdays through Sundays. Dark Thanksgiving, November 27th, Christmas Eve and Christmas.

HARNESS

Balmoral Park – 136 live programs and 139 dark host programs for a total of 275

- Live racing January 1st through December 31st
Racing 3 nights per week on Wednesdays, Saturdays and Sundays. Dark January 1st through February 4th and during the Illinois State Fair, August 4th through the 14th, and April 20th and Christmas Eve.

Maywood Park – 89 live programs and 1 dark host program for a total of 90

- Live racing January 1st through December 31st
Racing 2 nights per week on Thursdays and Fridays. Dark January 1st through February 5th and during the Illinois State Fair, August 4th through the 14th, and November 27th and Christmas.

ALTERNATIVE SCHEDULE #2

On the conditions that the Board does not receive supplemental funding of at least \$725,000 but advance deposit wagering is reauthorized by January 31, 2014.

THOROUGHBRED

Fairmount Park – 52 live programs

- Live racing April 29th through May 31st on Tuesday afternoons and Saturday evenings;
June 1st through August 16th on Tuesday afternoons and Friday and Saturday evenings, dark on July 4th; and August 17th through September 20th on Tuesday afternoons, Saturday evenings and September 1st, dark on August 30th.

Arlington Park – 89 live programs and 85 dark host programs for a total of 174

Dark host period - January 1st through January 18th

- Live racing April 28th through September 30th
Racing 4 days per week, Thursdays, Fridays, Saturdays and Sundays except live racing on May 26th and September 1st.
Dark on May 1st.

Hawthorne Race Course – 81 live programs and 110 dark host programs for a total of 191

Dark host period – January 19th through February 27th and November 17th through December 11th.

- Live racing February 28th through April 27th
Racing 4 days per week on Wednesdays, Fridays, Saturdays and Sundays. Dark on April 20th.
- Live racing October 1st through November 16th
Racing 5 days per week, Wednesdays through Sundays.
- Live racing December 12th through December 31st
Racing 5 days per week, Wednesdays through Sundays. Dark Christmas Eve and Christmas.

HARNESS

Balmoral Park – 88 live programs and 191 dark host programs for a total of 279

- Live racing January 1st through December 31st
Racing 2 nights per week on Saturdays and Sundays. Dark January 1st through February 15th and during the Illinois State Fair, August 4th through the 14th, and April 20th and Christmas Eve.

Maywood Park – 85 live programs and 1 dark host program for a total of 86

- Live racing January 1st through December 31st
Racing 2 nights per week on Thursdays and Fridays. Dark January 1st through February 19th and during the Illinois State Fair, August 4th through the 14th, and November 27th and Christmas.

ALTERNATIVE SCHEDULE #3

On the conditions that the Board receives supplemental funding of at least \$725,000 but advance deposit wagering is not reauthorized by January 31, 2014.

THOROUGHBRED

Fairmount Park – 19 live programs

- Live racing April 29th through July 1st on Tuesday afternoons and Saturday evenings.

Arlington Park – 68 live programs and 113 dark host programs for a total of 181

Dark host period - January 1st through January 31st

- Live racing May 2nd through September 28th
Racing 3 days per week, Fridays, Saturdays and Sundays except live racing on May 26th and September 1st.

Hawthorne Race Course – 50 live programs and 134 dark host programs for a total of 184

Dark host period – February 1st through March 6th and December 1st through December 31st

- Live racing March 7th through May 1st
Racing 3 days per week on Fridays, Saturdays and Sundays. Dark on April 20th.
- Live racing September 29th through November 30th
Racing 3 days per week, Fridays, Saturdays and Sundays.

HARNESS

Balmoral Park – 84 live programs and 281 dark host programs for a total of 365

- Live racing January 1st through December 31st
Racing 2 nights per week on Fridays and Saturdays. Dark January 1st through February 6th, August 8th and 9th, and December 1st through December 31st.

ALTERNATIVE SCHEDULE #4

On the conditions that the Board does not receive supplemental funding of at least \$725,000 and advance deposit wagering is not reauthorized by January 31, 2014.

THOROUGHBRED

Fairmount Park – 10 live programs

- Live racing April 29th through May 31st on Tuesday afternoons and Saturday evenings.

Arlington Park – 49 live programs and 135 dark host programs for a total of 184

Dark host period - January 1st through January 31st and September 21st through October 31st

- Live racing May 1st through August 20th
Racing 3 days per week, Fridays, Saturdays and Sundays except live racing on May 26th.

Hawthorne Race Course – 15 live programs and 166 dark host programs for a total of 181

Dark host period – February 1st through April 30th and November 1st through December 31st

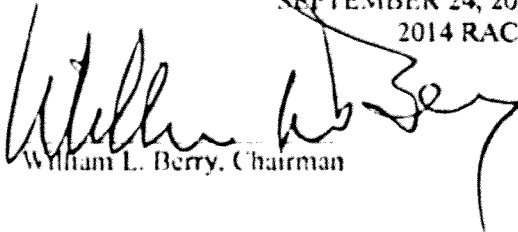
- Live racing August 21st through September 20th
Racing 3 days per week on Fridays, Saturdays and Sundays and September 1st.

HARNESS

Balmoral Park – 13 live programs and 352 dark host programs for a total of 365

- Live racing January 1st through December 31st
Racing 1 night per week on Saturdays. Dark January 1st through July 4th and September 28th through December 31st.

BOARD ORDER SIGNATURES
SEPTEMBER 24, 2013 BOARD MEETING
2014 RACING DATES



William L. Berry, Chairman

Kathy Byrne

Michael LaPidus

Allan M. Monat

Benjamin Reyes

Hugh Scates

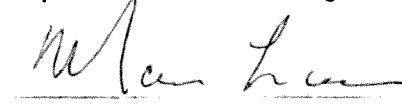


Robert G. Schiewe, Jr.

Gregory W. Sronce

Roger F. Whalen

Action taken by the Board at it's
September 24, 2013 meeting



Marc Laino, Executive Director

10-15-13
Date Executed

BOARD ORDER SIGNATURES
SEPTEMBER 24, 2013 BOARD MEETING
2014 RACING DATES

William L. Berry, Chairman

Kathy Byrne

Michael LaPidus

Allan M. Monat

Benjamin Reyes

Hugh Scates

Gregory W. Sronce

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Action taken by the Board at it's
September 24, 2013 meeting

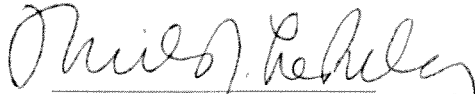
Marc Laino, Executive Director

Date Executed

BOARD ORDER SIGNATURES
SEPTEMBER 24, 2013 BOARD MEETING
2014 RACING DATES

William L. Berry, Chairman

Kathy Byrne



Michael LaPirus

Allan M. Monat

Benjamin Reyes

Hugh Scates

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Gregory W. Sronce

Marc Laino, Executive Director

Roger F. Whalen

Date Executed

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